Fraud in Banks Regarding Encashment of Fake Demand Drafts

1468. DR. D. VENKATESHWAR RAO: Will the Minister of FINANCE be pleased to state:

(a) whether a major fraud has been discovered in which several Indian Banks have been defrauded by foreign nationals by encashing fake demand drafts;

(b) if so, the names of the banks defrauded and the amount released in each case;

(c) to which countries such foreign nationals belong; and

(d) whether any of the offenders have been apprehended?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) and (b) Reserve Bank of India has reported that several Indian banks have been allegedly defrauded by some foreign nationals though forged demand drafts purportedly issued by exchange companies having rupee drawing arrangement with them. The names of the banks and amounts involved are as follows;

Name of the Bank	Amount (Rs. in lakhs)
State Bank of India	60.48
Central Bank of India	39.01
Canara Bank	30.46
Bank of India	47.67
Syndicate Bank	29.40
Union Bank of India	45.27
Vijaya Bank	10.93
Federal Bank	51.69

(c) and (d) The Central Bureau of Investigation has registered two cases in this regard and have identified five foreign nationals belonging to Jordan, Venezuela, Bahrin and U.K. for the offences. Two of the offenders have been apprehended.

Connivance of Banking Officials with FERA Violators

1469 SHRI NARENDRA MOHAN: Will the Minister of FINANCE be pleased to state:

(a) whether Enforcement Directorate has unearthed cases of connivance of banking officials with FERA violators relating to Rs.300 crore hawala racket, as reported in the Business Standard of 30th May, 1997;

(b) if so, which are the national and foreign banks involved in this racket;

(c) what action Government proposes to take to apprehend the culprits; and

(d) whether this Rs. 300 crore have been recovered or places identified where the funds have been siphoned off?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) to (d) In some of the cases forming part of news report in question, preliminary investigations made indicate suspected involvement of some bank officials. In two of such cases Show Cause Notices have been issued to Senior Bank Managers for alleged violations of the povision of Foreign Exchange Regulation Act to the tune of Rs. 9. crores. It may not be in the interest of ongoing investigations to divulge further details.

Fraudulent Transaction in Dena Bank

1470. SHRI J. CHITHARANJAN: Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank conducted an enquiry about the alleged unlawful and fraudulent transactions resorted to by the Branch/authorities of Dena Bank, Trivandrum as reported in the Malayalam Daily "Mathru Bhoomi" dated June 10, 1997; and

(b) if so, what are findings of the enquiry and action taken thereon?